

# HERRON HIGH SCHOOL

## 2011-2012 Performance Analysis

### *Core Question 2: Is the organization effective and well-run?*

2.1. Is the school in sound fiscal health?	
STANDARD	The school presents significant concerns in no more than <u>one</u> of the following areas: a) its state financial audits (e.g., presence of “significant findings”); b) its financial staffing and systems; c) its success in achieving a balanced budget over the past three years; d) the adequacy of its projections of revenues and expenses for the next three years; e) its fulfillment of financial reporting requirements under Sections 10 and 17 of the charter agreement. In addition, if the school presents significant concerns in one area, it has a credible plan for addressing the concern that has been approved by the Mayor’s Office.

2011-12 Performance: **Exceeds Standard**

#### **A) The School’s Financial Audits (e.g. presence of “significant findings”)**

Herron High School’s (HHS) audit was completed by Katz, Sapper, and Miller. There were no significant findings. The auditors stated, “In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole”.

While the school had no material weaknesses or significant deficiencies in their audit, the auditors did identify some areas of consideration. The audit states, “However, during our audit we noted certain matters involving internal control that are of less magnitude than a significant deficiency, and other operational matters for your consideration.” The audit goes on to describe the 6 considerations below.

- **Coding of Disbursements to the Grant:** A group health insurance amount was paid and coded to the Education Jobs Grant incorrectly. According to the school, this transaction was less than \$5. Additionally, Herron High School has a coding process that is conducted by Bookkeeping Plus and then reviewed by the school.
- **Formal Technology Steering Committee and Strategic Technology Plan:** The school did not have a formal technology steering committee. According to the school, an internal technology committee was developed with the implementation of the 1:1 tablet initiative. This committee will continue to evolve and formal strategic objectives will be developed.
- **Written Disaster Recovery Plan and Testing of the Backups:** The auditors noted that the school’s backup logs are reviewed monthly to ensure that backups have been completed, but the backups had not been tested and there was no written Disaster

Recovery Plan. The school is issuing a Request for Proposal for insurance broker services. Developing and maintaining a disaster recovery plan are services these broker/consultants provide. This will be included in the RFP.

- **UPS Unit:** The school has only one uninterruptible power supply (UPS) for all the equipment and servers in the server room. The auditors found that the UPS unit should be elevated and configured to automatically shut down servers after a period of time. This is included in the ongoing evaluation by the school of its technology infrastructure.
- **Expiration of Network Passwords:** The audit indicates that network passwords currently do not expire, and the QuickBooks Pro password is not changed regularly. This is also included in the ongoing evaluation by the school of its technology infrastructure.
- **Server Room Door:** The server room door should always stay locked but was found unlocked during the room inspection that was part of the IT assessment. According to the school, the server room door now remains locked at all times.

The items above have been shared with the board for their consideration. Though our office has no major concerns regarding these areas, we will continue to work with the school as they develop a resolution.

There were 3 additional audit comments to which the school has already responded.

**Prescribed Form:** The auditors noted that capital asset inventory was not kept on a prescribed or approved form. The school has responded by requesting approval from the State Board of Accounts for the form they currently use.

**Interest Incurred from Credit Card Use:** The audit indicated that the school had paid interest one time on a credit card bill. This was a small amount (\$158.70) and did not significantly impact the school's financial position. The school responded by stating that it has made plans to pay all credit card bills before or during breaks to avoid incurring interest.

**Policy for Uncollectible Accounts:** The audit states that a procedure did not exist for collecting on delinquent student accounts. The school has responded that they do in fact have a collection process. The school will include this process in their policy and procedure manual.

Given that the school has already responded and is adjusting policies accordingly, our office has no concerns in these areas at this time.

## **B) The School's Financial Staffing and Systems**

The school has established adequate staffing and systems for managing its finances. Their Chief Financial Officer, Juli Woodrum, has been instrumental in the school's financial planning. In addition, the school has a very active Fiduciary Committee that is led by the Treasurer of the Board of Directors, Karen Kennelly. Additionally, the school contracts with Bookkeeping Plus, Inc. for the preparation of its financial statements.

### **C) The School's Success in Achieving a Balanced Budget Over the Past Three Years**

Herron High School has been successful in achieving a balanced budget over the last three years. According to the audit, the school ended FY '12 with revenue over expenses of \$179,452. The ending net balance for 2011-12 was \$1,867,801. This calculation considers both depreciation and interest. The audit indicated revenue over expenses of for FY '11 of \$201,148 (including interest and depreciation). The ending balance for FY '11 was \$1,688,349.

For FY'12, the school recognized \$5.3 million of revenue, of which 72% was from state support. Revenue also included grants from the Indiana Department of Education to launch the 1:1 tablet initiative and from The Glick Fund for support of the Advanced Placement program, specifically for at-risk students.

Salaries & benefits comprised almost 64% of total expenses. At the beginning of FY'12 opened the second building located on campus, resulting in a 19% increase in facilities costs. As a result, Herron High School was able to increase student enrollment to 550 students, an 18% increase.

FY'12 results also include contributions and campaign expenses from the launch of the "Rebuilding the Past for the Future" capital campaign. The campaign goal is to raise \$5.3 million to support the expansion efforts on the current campus.

If the school continues to adhere closely to its budget, Herron High School will likely continue to maintain a balanced budget in coming years.

### **D) The Adequacy of the School's Projections of Revenues for the Next Three Years**

The school has provided detail budget projections through FY '19. These projections even include an estimation of the school's debt service ratio and capital campaign pledges. The ending cash balance for FY'14 is expected to be \$597,953. For FY '15 it is expected to be \$428,099. Provided that the school continues to hit their enrollment targets, Herron should remain on track financially.

Herron High School has established the following objectives that guide their long-term financial planning:

- Continued focus on the capital campaign and establishment of an endowment to ensure long-term financial stability.
- Continued focus on attracting and retaining quality faculty and staff by offering competitive salaries and benefits.
- Maintaining adequate cash reserves to ensure resources are available to address facility needs.

**E) The School's Fulfillment of Financial Reporting Requirements under Sections 10 and 17 of the Charter Agreement**

The school has fulfilled financial reporting requirements under Sections 10 and 17 of the charter agreement.

<b>2.2. Are the school's student enrollment, attendance, and retention rates strong?</b>	
<b>STANDARD</b>	<b>The school is consistently fully enrolled. Student attendance and retention rates are generally at or above the school's agreed-upon target rates.</b>

**2011-12 Performance: Meets Standard**

Herron High School met its enrollment targets set for 2011-12. The following chart displays the school's target enrollment compared with its official fall enrollment, as reported by the IDOE.

<b>Year</b>	<b>Target Enrollment</b>	<b>Fall Enrollment</b>	<b>Percent Below</b>
2011-12	525	545	N/A

***Source:** Official fall enrollment figures from the IDOE. Target enrollment is the maximum capacity from the school's charter agreement with the Mayor's Office, submitted by the school.*

The 2011-12 attendance rate at HHS was above the averages of both the county and state.

	<b>HHS</b>	<b>MC</b>	<b>IN</b>
<b>2011-12 Attendance rate</b>	94.77%	96.06%	96.1%

No targets have been established for student retention rates for HHS.

Based on the 2011-12 performance, Herron High School meets the Mayor's Office standard for this indicator because they exceeded their enrollment target but had an attendance rate lower than that of both the county and the state.

<b>2.3. Is the school's Board active and competent in its oversight?</b>	
<b>STANDARD</b>	<b>The school's board a) contributes a broad skill set and is reflective of the community; b) is knowledgeable about the school and able to make decisions in a timely fashion; c) has policies and by-laws that are consistently followed, regularly reviewed, and include clearly defined roles and responsibilities for members; d) consistently achieves quorum and adheres to Indiana's Open Door Law; e) records meeting minutes that are thorough, accurate and transparent; f) regularly conducts a formal evaluation of the school against established academic, financial and operational performance goals; and g) has a written plan for the succession of leadership.</b>

**2011-12 Performance: Exceeds Standard**

The board at Heron High School is active, experienced, and provides competent oversight of the school. Additionally, the board is comprised of members with a diverse range of professional expertise and extensive knowledge about the school, its policies and its issues of concern. Membership of the board has remained stable over time. The board has a well-developed and intentional sub-committee structure.

At meetings, the board consistently makes quorum and actively engages in the oversight of many aspects of school operations, including academic achievement, curriculum, professional development, programming, and extra-curricular activities. Overall, in 2011-12, the board has shown exceptional expertise and stewardship and exceeds the Mayor's Office standard for this indicator.

<b>2.4. Is there a high level of parent satisfaction with the school?</b>	
<b>STANDARD</b>	<b>More than 80% but less than 90% of parents surveyed indicate that they are satisfied overall with the school.</b>

2010-11 Performance: **Exceeds Standard**

In the spring of each year, researchers administer anonymous surveys to parents of students enrolled at Mayor-sponsored charter schools. In 2011-12, 95% of Herron High School parents reported overall satisfaction with the school. According to the data, the school exceeds the Mayor's Office standard for performance for this indicator for the 2011-12 academic year.

<b>2.5. Is the school administration strong in its academic and organizational leadership?</b>	
<b>STANDARD</b>	<b>The school's administration a) has sufficient academic and organizational expertise; b) has been sufficiently stable over time; c) has clearly defined roles and responsibilities among administrators; d) actively engages in a process of continuous improvement and mid-course corrections; e) has established high expectations for all stakeholders – staff, students, and parents; f) has organized operations and secured necessary resources to effectively implement the mission of the school; g) ensures the school achieves strong academic and operational performance; and h) has developed a plan for succession for administrators and staff.</b>

2011-12 Performance: **Exceeds Standard**

The administration and leadership at Herron High School demonstrated exceptional academic and business expertise, has been relatively stable over time, and roles and responsibilities among leaders and between leaders and the board were clearly defined. The school's leadership team includes a Head of School, Dean of Students and Assistant Head of School, Dean of Faculty and Assistant Head of School, Dean of College Advising and Assistant Head of School and Chief

Financial Officer. The current Head of School was promoted to the position during the school's first year of operation. The Head of School has previous public and private school leadership experience in rigorous and academically successful settings.

The Head of School is an exemplary leader who provides oversight on numerous aspects of the school including the development of the curriculum and continues to work closely with the Board to implement policies and programs and to ensure the effective and efficient day-to-day operations of the school. Overall, school leadership was effective in creating, promoting, and meeting school goals. They provided competent leadership in academic, business, and operational elements at the school. The school's continuous improvement process led to the school's continued high academic achievement.

In 2011-12, leadership at the school was well-organized, effective, and exceeds the Mayor's Office standard for this indicator.

2.6. Is the school meeting its school-specific organizational and management performance goals?	
Meets standard	School has clearly met its school-specific organizational goal.

**Not Evaluated.** Herron High School did not have school-specific organizational and management performance goals to be evaluated for 2011-12.